

# Reinforcing Leninist Means of Corruption Control in China: Centralization, Regulatory Changes and Party-State Integration

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## Abstract

In the study of institutionalization in authoritarian regimes, the cryptic anti-corruption institutions active in non-democratic governance are often understudied. This is largely due to the opaque intra-regime disciplinary inspection process associated with extralegal detentions, as well as the sub-rosa nature of corruption activities. Through research on the institutional implications of Xi Jinping's ongoing anti-corruption campaign, a vital effort for his power consolidation, this article aims to explain the 'authoritarian resilience' of the Communist Party of China (CPC). Based on analysis of the evolution of the CPC's anti-corruption effort in the reform era, focused on the comparison of Xi Jinping and Hu Jintao's respective anti-corruption drives and of institutional flaws in the CPC bureaucracy that stoke high-stakes corruption, the article discusses different institutional imperatives that the top leadership needs to address in a range of political contexts. It also assesses the extent to which the new methods adopted by Xi's graft-busters have been effective in addressing these challenges.

*Keywords:* authoritarianism, China, corruption, Leninist, Xi Jinping

## Introduction

There have been frequent scholarly efforts to provide detailed assessment of the effectiveness of China's anti-corruption agencies and campaigns (Manion 2004; Wedeman 2012; Quah 2013;<sup>1</sup> Guo 2014). However, not enough attention has been paid to the recent dynamics of Xi Jinping's anti-corruption campaign since he became the paramount leader in 2012, and its institutional implications for the governance of the Party-state.<sup>2</sup> Since some international scholars, with a pessimistic view of the CPC's governance, use widespread corruption and the entrenchment of

predatory officials as key evidence of CPC's atrophy (gradual decline) (Shambaugh 2012: 11-12), the study of Xi's unprecedented anti-corruption movement helps to provide clues for the answer of the question as to whether the CPC is capable of managing the intractable corruption problem through significant re-institutionalization efforts or, in Andrew Nathan's words, whether the CPC is displaying 'authoritarian resilience' on this issue (2003: 6-17).

Since the Tiananmen crackdown of 1989, it is generally believed that corruption has worsened in China (Ash 2013; Quah 2013; Chen 2009; Yang 2004: 1; Root 1996). Earlier records revealed that mostly low and mid-level corruptive officials had been exposed and punished, but these days high-level and high-stakes cases (*da'an yao'an*) are on the rise.<sup>3</sup> Some have deemed China's corruption as being systematized and embedded in the system of state capitalism (Root 1996; The Economist 2002;<sup>4</sup> Fenby 2012: 7-8). Comparing corruption in China and India, Ash argues that 'while the Indian system is a daily soap opera of small crises, the big crisis of China's self-contradictory system of Leninist capitalism is yet to come' (2013: 48). According to the global Corruption Perceptions Index (CPI), compiled by Transparency International (2017),<sup>5</sup> China ranked seventy-ninth in terms of cleanness among 176 countries in 2016: the same as India and Brazil. Between 2008 and 2012, the second term of Xi's predecessor Hu Jintao, China's CPI score fluctuated between thirty-fifth and thirty-ninth, while in Xi's first term between 2013 and 2017, it reached fortieth position (Table 1), showing a slightly improved anti-corruption situation thanks to Xi's clean-up effort. Nevertheless, even the unprecedented war against corruption has failed to raise China's CPI ranking substantially, indicating the public's increasing concern over the fairness and transparency of the anti-corruption campaign itself in an opaque authoritarian system that lacks democratic elections, an independent judiciary system or sufficient media supervision.<sup>6</sup>

The study of institutionalization in authoritarian regimes, which takes seriously previously neglected institutional pillars of non-democratic governance, has been revived to explain adaptive initiatives undertaken by resilient authoritarian rulers in coping with chronic governance challenges (Schedler 2009). Current scholarship has touched upon many aspects of the CPC's re-institutionalization endeavour for adaptation and co-optation purposes, which includes the professionalization of the civil service (Brodsgaard 2002), rebuilding of Party cells (Pieke 2009), the experiment of 'intra-Party democracy' (Li 2009; Zheng 2012) and regular career cadre training in Party schools (Shambaugh 2008).

**TABLE 1.** China's ranks and scores in the Corruption Perception Index\* by Transparency International (2008 - 2016)

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
China's ranking	72	79	78	75	80	80	100	83	79
No. of countries surveyed	180	180	178	183	174	177	174	167	176
China's scores**	36	36	35	36	39	40	36	37	40

\* The annual Corruption Perceptions Index (CPI), first released in 1995, is the best known of Transparency International's tools. The CPI ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

\*\* A country or territory's score indicates the perceived level of public sector corruption on a scale of 0 (highly corrupt) to 100 (very clean).

However, analysis of Xi Jinping's overhaul of anti-corruption institutions, as well as its effectiveness in maintaining the CPC's 'authoritarian resilience' (Nathan 2003; Heilmann and Perry 2011; Shambaugh 2012: 8-22; Wang and Tan 2013: 199) in the face of bureaucratic fragmentation and citizen activism, is a field yet to be ploughed. In the shadow of the Arab Spring that toppled a string of entrenched dictatorships in North Africa, the CPC's central authority has been facing unprecedented challenges from societal forces and vested interests within the regime in the anti-corruption realm, with its credibility and legitimacy being overtly damaged by frequent graft and sex scandals in the age of social media. Based on analysis of the evolution of the CPC's anti-corruption effort in the reform era, with focus on the comparison of Xi Jinping and Hu Jintao's anti-corruption drives, and of institutional flaws in the CPC bureaucracy that stoke high-stakes corruption, this article discusses different institutional imperatives or fundamental challenges that the top leadership needs to address in a completely new political and socio-economic context characterized by social media and civic activism. It also asks to what extent the re-institutionalization in Xi's anti-corruption movement has been effective in addressing these challenges.

## Runaway Corruption before Xi Came to Power

Corruption is not a new phenomenon in the history of the People's Republic, which is often explained as being due to the lack of an independent judiciary system and media supervision. After 30 years of gradual economic reform, the Party-state's partially marketized economy has become a hotbed for more high-stake and high-level corruption cases.

Despite three decades of economic liberalization, the state has not withdrawn from the economy, which is still securely under the control of state sectors and strongly influenced by government policies. China's rapid marketization process since 1992 has opened up more opportunities for rent-seeking activities. Large state-owned enterprises, public service organizations and local governments have become corruption-prone.

In the 1980s, local governments were granted a certain degree of fiscal autonomy including the putting up of independent budget expenditures and sharing of budget revenues as proposed by the central government. The administrative decentralization of the 1980s and 1990s had changed fiscal central-local relations, vesting more power over funds and resources on local governments and inevitably offering local officials more opportunities for corruption. The 1994 tax-sharing system (TSS) reform<sup>7</sup> recentralized Beijing's economic management power by increasing its role in fiscal redistribution among provinces, while giving local governments the jurisdiction to collect business tax, urban land-use tax, house property tax, land value-added tax and some other taxes relating to local development as local revenues (Su and Zhao 2014).<sup>8</sup>

The new tax system after 1994 incentivized local governments to put much emphasis on developing urban construction and real estate, acquiring land from farmers at low cost and selling it at high prices and sharing the profit made with developers (Wang and Li 2007: 39). Given the fact that the GDP index is still the most important criterion for the promotion of local officials, developing real estate and infrastructure in the process of urbanization is one of the most effective ways for local governments to boost the local economy. Local land transaction and credit markets have become hotbeds for corruption in China. Officials make the rules and arbitrate the land game. The government maintains tight control over most investment projects through the issuing of long-term bank credit and granting of land-use rights.<sup>9</sup> Local officials are granted the authority to regulate access to markets, investment funds, foreign investment and trade, and so on, and to redistribute fiscal benefits and burdens. Given these powers to interfere in business, local officials have ample room for rent-seeking activities.

Besides local officials' monopolistic and discretionary powers over budgets, resources and investment decisions, they also have authority over the judicial system through the political-legal committees (*zheng-fawei*) and the selection of personnel through the nomenklatura system (Bergsten et al 2008: 99). Judicial corruption cases and scandals about the selling of official posts have been exposed from time to time. Sectors such

as energy, financial services, transportation, telecommunications, tobacco, iron, steel and non-ferrous metal, where state-owned enterprises (SOEs) are either monopolists or dominant players, are breeding grounds for bribery, embezzlement, squandering and other rent-seeking activities. The government-granted monopoly or oligopoly has helped key SOEs reap massive after-tax profits, which remain mostly in the coffers of the SOEs rather than flowing into the public purse in the form of dividends.

Owning monopolistic power and vast assets, large SOEs act like 'independent kingdoms,' with their leaders usually nominated by CPC organization departments and enjoying higher (or equal) administrative ranks than local judicial and Party disciplinary officials. Heads of many centrally controlled SOEs are vice-ministerial/provincial-level officials, with a few at the ministerial level, such as the presidents of Sinopec Corp, China National Petroleum Corp, and China National Nuclear Corporation (CNNC). Only the Central Disciplinary Inspection Commission, with approval from the Politburo, is empowered to investigate and detain leaders of giant SOEs. Currently there is no effective means to supervise government management of state-owned assets, and no report on state-owned assets is required during the annual parliamentary session of the National People's Congress for deliberation and discussion.

Almost all top political leaders have family members with substantial stakes in the corporate world (The Straits Times 2009: A28).<sup>10</sup> The family of former premier Li Peng, for example, controls the country's power sector. The family of former Chinese president Jiang Zemin has moved into telecommunications, while the offspring of former premier Zhu Rongji are prominent players in banking.

The runaway corruption was spurred by the government-directed stimulus of RMB 4 trillion (US\$ 586 million) during the global financial crisis aimed at funding massive infrastructure projects and subsidizing industries. While the Keynesian mega-stimulus has revitalized China's economy and salvaged numerous jobs in the aftermath of the crisis, it also fostered state cronyism and corruption as projects of all types were allocated top down, from the state to provinces, to cities, and ultimately to companies.

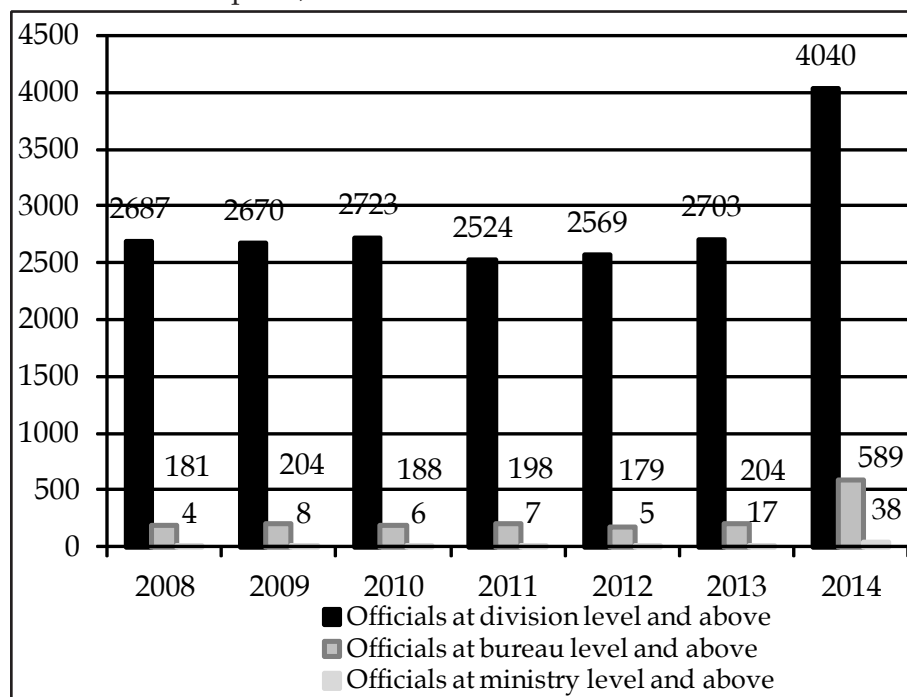
Since 2009, investment by state-controlled companies has skyrocketed, driven by hundreds of billions of dollars of government spending and state bank lending to combat the global economic downturn. The government had invested RMB2 trillion in the construction of high-speed railways alone since 2008, a sum which proved too attractive to former Minister of Railways Liu Zhijun and many of his colleagues who were

subsequently indicted for one of the largest chain corruption cases in the history of the People's Republic. Global leading luxury brands such as Compagnie Financière Richemont SA, the owner of Cartier; Swatch Group, the owner of Omega; LVMH, the owner of LV brands; and PPR, the owner of Gucci and Bottega Veneta, have benefitted handsomely from the stimulus package and corrupt economy in China, witnessing 20-30 per cent sales growth year on year in Greater China from 2009 to 2012.<sup>11</sup> Discretionary spending by Chinese high-rollers, including many corrupt officials, has since 2009 powered Macau's gambling sector, the only place in China where casino gambling is legal, to a new height of 13.5 per cent to a record US\$ 38 billion in 2012. Macau's casino revenue, two-thirds of which was contributed by affluent Chinese, soared 58 per cent and 42 per cent in 2010 and 2011 respectively.<sup>12</sup>

Despite the proliferation of corrupt activities, the number of officials under procuratorial investigations each year did not grow correspondingly during Hu Jintao's second term (2008-2012) (Figure 1). Besides the stimulus package, a number of other factors have catalysed corruption in China. These include the one-party authoritarian system that lacks an independent judiciary system and opposition parties; media censorship; a relatively low level of economic and social development; a vast area and large population governed by multi-layer regimes; and fast institutional changes during the reform and open-door process that have created numerous policy loopholes and ambiguities. Globalization and urbanization also make it more difficult to detect commercial corruption in its covert forms. The sub-rosa nature of corruption has made the monitoring of the corruption rate difficult. Not only is there a possibility of false reporting, official data also only measure the revealed rate of malfeasance, not the actual rate of malfeasance. The revealed cases may shed light on changes in the real corruption rate, or may be a result of intensified anti-corruption efforts. To some, it may seem obvious that corruption has intensified because of larger payoffs in revealed cases. One cause is China's huge economic scale today, with rapid appreciation of state assets such as land, SOE equities and franchise rights in the hands of the government sectors. Almost all the crimes involving ministerial officials and those at provincial-level or above are high-stakes corruption cases running into tens of millions of yuan; many will not take such risks if it is not worth their while. Many officials come up with ever more imaginative ways to gain wealth, like setting up private foundations or offshore accounts to accept bribes, encouraging entrepreneurs and companies to bankroll their children's education overseas, and obtaining pre-IPO stocks (Inter-



**FIGURE 1.** Number of officials under procuratorial investigations for corruption, 2008-2014.



Source: Supreme People's Procurate of China

national Herald Tribune 2009: 16).<sup>13</sup> In the 1980s or 1990s, most cases only identified one or a couple of officials as corrupt; today, corruption cases involve dozens of corrupt officials in different departments or localities.

## Assessing the Party's Leninist Means of Corruption Control

Maintaining Party discipline and improving cadre management are vital issues for a Leninist party to stay in power. Due to lack of political pressure from opposition parties or institutionalized supervision from civic organizations, the ruling CPC has to check graft activities among its cadres through repetitive 'party building' processes and intra-Party supervisory mechanisms.

The Chinese system of discipline inspection was imported from Russia during the CPC's founding years. The CPC's discipline inspection was institutionalised in 1927 when the party established the disciplinary supervisory commissions at the central and provincial levels (Gong 2008: 141). When the People's Republic of China was founded in 1949, the CPC Central Committee issued 'the Decision on Establishing the Party's Dis-

cipline Inspection Commissions at the Central and Other Levels' which led to the subsequent establishment of the CCDI (Central Commission for Discipline Inspection) (The CCDI 2014: 1). In March 1955, the CPC approved 'the Decision on Establishing the Party's Supervision Commissions at Central and Other Levels' and established the Party's central and local supervision commissions to replace the Party's discipline inspection commissions at all levels. During the Cultural Revolution (1966-1976), the Ninth Party Congress in 1969 adopted a new Party Constitution, which removed the articles concerning the Party's supervision organs, hence dissolving the Central Supervision Commission (The CCDI 2014: 1). When the system of discipline inspection was dismantled, the Party was confronted with such thorny problems as ideological disorientation and moral decay among its members.

The Party's commissions for discipline inspection at all levels were reinstalled after the Third Plenum of the 11th CPC Central Committee elected the new CCDI in December 1978. In the reform era, the CCDI, which is by no means less important than before, has to constantly self-adapt and acclimatise itself to complex Party-state and state-market relations. In September 1982, the 12th Party Congress adopted another motion that stipulates the election of the Party's commissions for discipline inspection at all levels by the Party Congresses at their corresponding levels. In January 1993, the CPC Central Committee and the State Council decided to merge the Party's CCDI with the State Council's Ministry of Supervision. This gave rise to a 'one agency, two names' format and the responsibilities of Party discipline inspection and administrative supervision (CCDI 2014: 1).

Since the merger, the CCDI has significantly enhanced its capability in supervising the intricate administrative apparatus and regulating daily social and economic activities at all levels. A deputy director of the CCDI now concurrently holds the post of Minister of Supervision in the State Council, China's Cabinet. The CPC has been strengthening and reforming its discipline inspection system in the transition from a command economy to a market economy, where the need for suppressing moral degeneration and corruption of party members has to be urgently addressed. The reform of the discipline inspection system reveals the party leadership's awareness of its organisational problems and its willingness to fight corruption through institutional building.

The CPC's anti-corruption apparatus is a hierarchical system of discipline inspection commissions (DICs) that run parallel to party committees at every administrative level from the centre down to

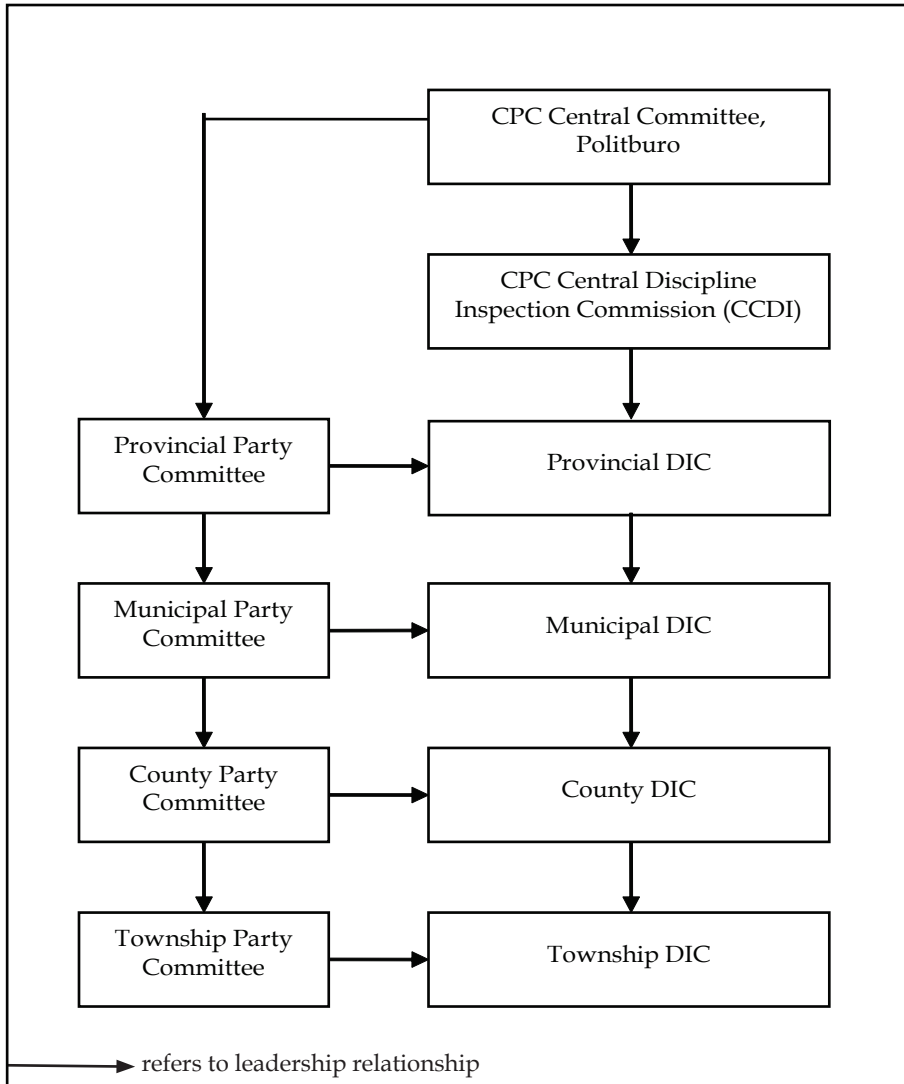


counties (Gong 2008: 144). DICs are Party watchdogs that help guard against power abuse by high-ranking Party members and ensure the implementation of the Party lines, policies and resolutions. At the top level, the CCDI had 27 departments with a staff strength of approximately 1,000 by the end of 2014 (CCDI 2014: 5). These departments include the General Office, Office of Inspection Tour, Party Committee, departments of organisation, publicity, research, laws and regulations, supervision on party and government ethics, complaints, case supervision and management, case review, internal supervision, international cooperation (Office for National Bureau of Corruption Prevention), logistics and retired cadres, and 12 departments of discipline inspection charged with anti-corruption missions in various regions and Party/administrative systems (Table 2).

**TABLE 2.** Division of work among the 12 discipline inspection departments in the CCDI

Serial Number of Discipline Inspection Department	Anti-corruption Focus
1st Department	Organisations directly under the CPC Central Committee, and those in political, legal and publicity fields
2nd Department	Organisations under the State Council
3rd Department	Organisations under the State Council
4th Department	Financial institutions
5th Department	State-owned Assets Supervision and Administration Commission (SASAC) and companies directly under the control of SASAC
6th Department	Beijing, Tianjin, Hebei and Shanxi
7th Department	Shanghai, Zhejiang, Anhui, Fujian and Jiangxi
8th Department	Hunan, Guangdong, Guangxi, Hainan, liaison offices in Hong Kong and Macau
9th Department	Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and the Xinjiang Production and Construction Corps.
10th Department	Inner Mongolia, Liaoning, Jilin and Heilongjiang
11th Department	Chongqing, Sichuan, Guizhou, Yunnan and Tibet
12th Department	Jiangsu, Shandong, Henan and Hubei

*Source:* CCDI (2014: 7-8).

**FIGURE 2.** CPC discipline inspection apparatus before 2013

Source: prepared by the author.

In recent years, the CCDI has paid more attention to tip-offs from ordinary Party members and the public, with its website portal open to the public for the first time in September 2013. The tip-offs are sent to the Departments of Complaints under the CCDI through correspondence, posting on the CCDI website, paying visits to special reception venues set up by discipline inspection organs or calling its hotline (CCDI 2014: 13). The discipline inspection departments that handle the reports are required to send the outcomes of the investigations to the whistle blowers.

Under China's one-party political system, it is the CCDI and its local branches rather than the procuratorate or the police that start the investigations and detain suspects who are Party members. The discipline inspection commissions, established at provincial, municipal, county and even township levels, have long time been under the dual leadership of local Party bosses and the discipline inspection commissions at a higher level (Figure 2).

Before 2013, it was the local Party committee or government, not the higher disciplinary inspection apparatus, that provided local disciplinary inspectors with details of their annual budgetary funds, approved cadre promotions, determined manpower planning and even allocated resources such as cars, office buildings and employee housing. The disciplinary inspectors at local levels thus had difficulty overseeing malfeasance at their peer level. Only the CCDI, with the approval of the Politburo, has been empowered to investigate and detain provincial and ministerial officials or leaders of giant SOEs. Besides, local Party officials had authority over the judicial system through the local political-legal committees (*zhengfawei*) and the nomenklatura system. Judicial corruption cases and selling-official-post scandals have been exposed from time to time.

A motley collection of organizations at various levels, including the CPC's disciplinary inspection departments, the judiciary, the procuratorate, the auditing offices, and banking/securities/insurance supervision departments from the administration, are participating in the crackdown on graft. Such internal pluralism has forestalled a professional anti-corruption organ from taking full responsibility in the area, causing low efficiency and poor coordination in many cases.

The CCDI has also frequently intervened in judicial work by initiating and leading anti-corruption investigations. By doing so, the independence of the judiciary is severely undermined. The involvement of the CCDI in anti-corruption often helps some Party members, particularly high-ranking officials, escape from criminal justice. This practice is therefore 'entirely arbitrary,' and has shown that it is 'improbable that China will move towards a depoliticized legal system as long as the Party treats its own members without reference to any legal process' (Becker 2000: 340). It should also be noted that the CCDI and the Ministry of Supervision within the State Council share a joint office: i.e. two different official names, but one working team since January 1993. Therefore, there is no real boundary between the Party and the government in the anti-corruption realm.

## **Institutional Changes in Xi's Anti-corruption Campaign**

Chinese leaders have tended to embark on anti-corruption campaigns in their first year of office in order to court the public and consolidate power. Xi Jinping's anti-corruption campaign is no exception; the exception is in the scale and intensity of the crackdown compared to similar political house-cleaning executed by his two predecessors, Jiang Zemin and Hu Jintao, in the reform era. The investigation and detainment of Zhou Yongkang, the Party's security czar, along with a large number of his family members, relatives, and protégés, broke the immunity of Politburo Standing Committee members from any corruption charges. This immunity has been an informal rule in Chinese elite politics in the past two decades.

Xu Caihou and Guo Boxiong, two retired vice-chairmen of the Central Military Commission and Politburo members, were expelled from the Party for alleged corruption. Ling Jihua and Su Rong, two vice Chairmen of the Chinese People's Political Consultative Conference (CPPCC), were the highest-ranking incumbent officials nabbed in Xi's first term. Zhou Yongkang was not only monetarily corrupt, but politically over-ambitious. His downfall was the second chapter of the 'Bo Xilai Drama,' in which charismatic Bo, supported by Zhou, was sacked due to his wife's murder scandal in the run-up to the 18th Party Congress in 2012. Behind-the-scenes jockeying for power and horse-trading had been extremely intense before the fifth-generation leadership power transition; Xi Jinping finally managed to establish his supreme authority through controlling both the Party and military command. Xi's crackdown on Zhou, a protégé of retired party patriarch Jiang Zemin and Zeng Qinghong, is politically risky. Jiang was general secretary of the CPC between 1989 and 2002 and he managed to retain his political influence until 2012 by putting many of his surrogates in key positions at the 18th Party Congress. Zeng, who has close ties with Jiang, was reportedly playing a vital role in establishing Xi's heir-apparent status in 2007. All these point to the huge difficulty in handling Zhou's case.

An unprecedented number of officials at vice-ministerial level and above have been investigated or detained under corruption charges since Xi came to power. Between November 2012 and May 2017, about 200 cadres of ministerial/provincial-level or above were investigated by the CPC's disciplinary inspection departments (South China Morning Post 2017).<sup>14</sup> In comparison, the average number of officials at vice-ministerial and above investigated in Hu Jintao's second term (2008-2012)

only reached six per annum (The People's Daily 2013: 2).<sup>15</sup> The sharp increase in the number of 'tigers' reflected a multifaceted picture of Xi and Wang's anti-corruption campaign, which showcased not only the effectiveness of the crackdown but also the severity of the corruption situation even under Xi's reign and the intensity of intra-Party power struggle. This complexity was highlighted in July 2017 by the unexpected probe of Chongqing Party Secretary Sun Zhengcai, once a frontrunner in the 25-seat Politburo on track to ascend to the Standing Committee at the 19th Party Congress. The downfall of Sun indicated that corruption in Chongqing Municipality may have worsened after the removal of Bo Xilai in 2012, and that institutionalization of the CPC leadership succession has been disrupted by Xi's anti-corruption campaign.

Despite the fact that anti-corruption campaigns are always reflective of intensified political struggles within the CPC, Xi has been a game-changer in the CPC's anti-corruption record as his populist move against elite corruption is not only massive in scale, but also constitutes an important part of the Party's effort to reinforce Leninist control for maintaining legitimacy and authority. In the first few years of their tenure, Jiang Zemin and Hu Jintao had launched house-cleaning operations against corrupt senior officials like ex-Beijing Party Secretary Chen Xitong and ex-Shanghai Party Secretary Chen Liangyu in order to consolidate their power. However, their anti-corruption drives hardly made institutional contributions to the Party's disciplinary inspection frameworks, subsiding finally when a new balance of power had been struck.

Inspired by ancient China's imperial envoys (*qinchai dachen*) sent by emperors to oversee local officials, Xi and Wang Qishan, head of the CCDI, dispatched inspection teams (*xunshizu*) led by ministerial-level officials holding sinecure positions to corruption-prone provinces, state corporations and public service organizations. The inspection teams were stationed in these places for two months to uncover local grafts and their contact information publicized to seek public tip-offs. Xi and Wang sent the first batch of inspection teams to various localities in May 2013. Five months later, the second batch of inspection teams, headed by different officials, were sent to another ten places for graft investigation (Table 3).

The teams provided feedback to the inspection bodies and alerted the CPC CCDI about signs of possible corruption. The inspections teams found rampant corruption in places like Shanxi province, Hunan province, Guizhou province, Jiangxi province, China Grain Reserves Corporation, Renmin University and the Three Gorges Corporation.

One of the highest-profile corruption cases revealed by inspection teams was an electoral fraud scandal in Hunan province involving more than 500 municipal lawmakers who had to step down and 56 representatives

**TABLE 3.** First two batches of anti-corruption inspection teams (2013)

Serial Number of Inspection Team	Place of Inspection (First Batch, May-July)	Place of Inspection (Second Batch, October-December)
No. 1	China Grain Reserves Corporation	Ministry of Commerce
No. 2	Hubei province	Xinhua News Agency
No. 3	Ministry of Water Resources	Ministry of Land and Resources
No. 4	Inner Mongolia	Jilin province
No. 5	Chongqing city	Yunnan province
No. 6	Guizhou province	Shanxi province
No. 7	China Publishing Group Corporation	Anhui province
No. 8	Jiangxi province	Guangdong province
No. 9	The Export-Import Bank of China	Three Gorges Corporation
No. 10	Renmin University of China	Hunan province

Source: Xinhua News Agency

of the Hunan People's Congress who were dismissed for being elected through bribery. An initial investigation revealed that 110 million yuan (US\$ 18.1m) was offered as bribes to lawmakers and staff in the province's second city of Hengyang. Tong Mingqian, former vice chairman of the People's Political Consultative Conference of Hunan province, was sacked and probed for graft thereafter.

The top leadership has realized that China's pervasive corruption is to some extent related to institutional flaws within the CPC bureaucracy. China's special judicial system, dominated by the ruling party, keeps all anti-corruption investigations under wraps and makes manipulation easy. In most cases, it is the local party committee or government, not the higher disciplinary inspection apparatus, that provides local disciplinary inspectors with details of their annual budgets, approves cadre promotions, determines manpower planning and even allocates resources such as cars, office buildings and employee housing. Organizations at various levels, including the CPC's disciplinary inspection departments, the judiciary, the procuratorate, the auditing offices, and the banking/securities/insurance supervision departments of the administration, participate in the crackdown on grafts. Such internal



pluralism has forestalled a professional anti-corruption organ from taking full responsibility for the area, thus causing low efficiency and poor coordination in many cases.

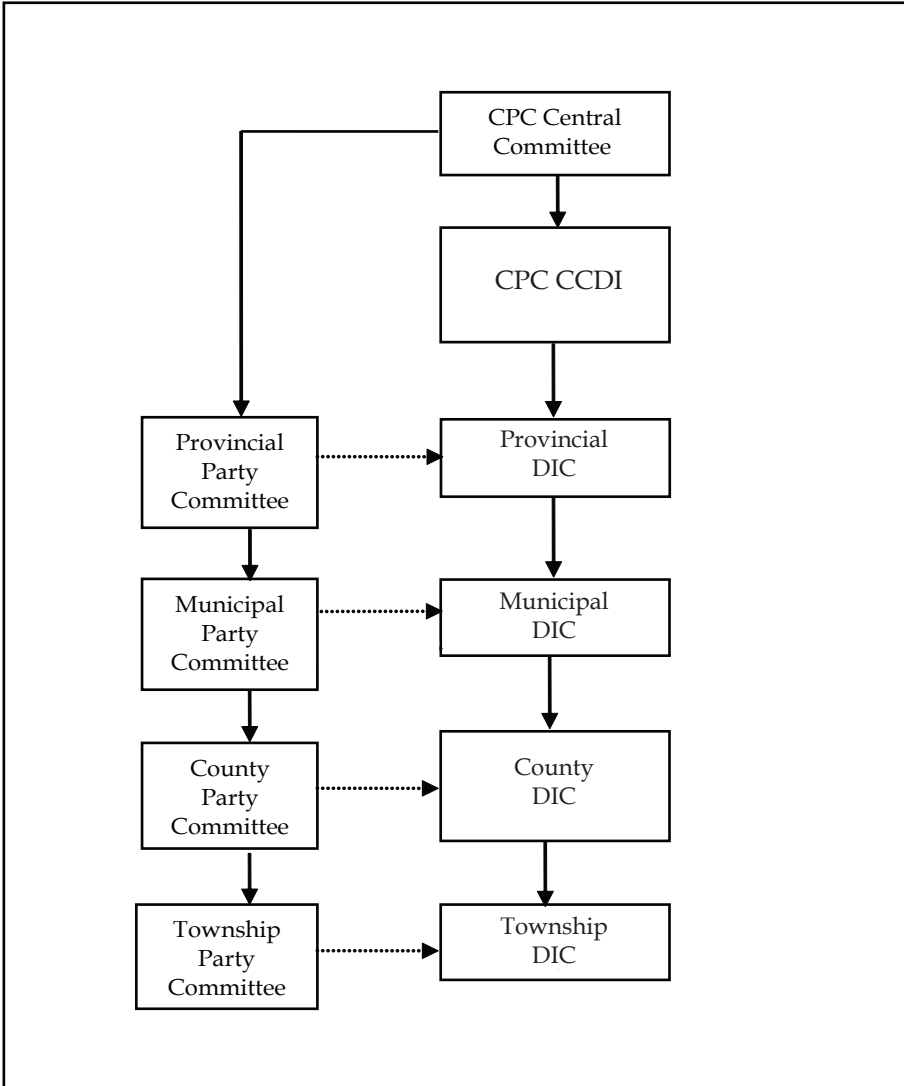
The disciplinary inspectors at local levels thus have difficulty overseeing malfeasance at their peer level. Only the CCDI, with the approval of the Politburo, is empowered to investigate and detain provincial and ministerial officials or leaders of giant state-owned enterprises. Besides, local party officials have authority over the judicial system through the local political-legal committees (*zhengfawei*) and the nomenklatura system. Judicial corruption cases and selling-official-post scandals have been exposed from time to time. To enhance the authority of disciplinary inspection committees at various levels, the top leadership has decided to put them under the direct control of the upper-level disciplinary inspection committees, while weakening the leadership relationship between the Party committees and disciplinary inspection committees at the same level (Figure 3). Similar reforms have also been applied to judicial systems that include the courts and procuratorates at various levels to strengthen their independence and authority vis-à-vis local Party bosses.

On 11 February 2014, Premier Li Keqiang said the government would further open its budget and all its accounts to the public and urged top cadres to strengthen constraints on their relatives and staff (Today 2014: 21).<sup>16</sup> China's Budget Law, which took effect from 1995, does not specifically require governments at various levels to release specific budgetary figures on officials' spending on vehicles, banquets and overseas trips at public expenses, or the 'three public expenses' (*sangong xiaofei*). Soaring fiscal revenues in the past decade have however started to make headlines and pushed the central government since 2008 to pass a regulation on the information disclosure of the three expenses. In response to the demand for the opening of the government's account book to public scrutiny, China's State Council released a circular in November 2011 to request all governments above county-level to include the expenditure on cars, receptions and trips in their annual budget. The regulation required government departments to use medium- or low-end cars with reasonable maintenance costs for official purposes, set up guidelines for official receptions, and limit the number of overseas trips by officials.

To further curb red tape and extravagance, Xi Jinping announced the Eight Directives (*baxiang guiding*) in December 2012,<sup>17</sup> which required officials to cut official meetings and trips as well as media expenses, traffic control and police escorts associated with them. In December 2013,

the CPC General Office and State Council General Office jointly issued the Six Injunctions (*liuxiang jinling*),<sup>18</sup> banning almost all forms of gifts, banquets, receptions and tours at government expense in the celebration of the Chinese New Year. China has yet to meet best practices in budget transparency, which grants ordinary citizens and civil society organizations access to information about how public funds are allocated and used.<sup>19</sup> Without political opposition and sufficient media supervision,

**FIGURE 3.** CPC discipline inspection apparatus after 2013



Source: prepared by the author.

- refers to strong leadership relationship
- .....→ refers to weakened leadership relationship

the non-transparent budgets both at the central and local levels create opportunities for graft and misappropriation. Experts have urged for more transparent budgets from the government to ensure governance accountability and public surveillance.

In recent years, public discontent with official corruption and malfeasance has spread when social media brought to light sex scandals and the extravagant lifestyles of cadres. The leadership under Xi seemingly wants to ride on this online anti-corruption trend to better oversee its gigantic officialdom. State media like *Xinhua* and *People's Daily* have emphasized the role of public and social media in monitoring corruption.

In Xi's time, China has changed tactics in its global man-hunt for fugitives wanted at home for corruption, successfully repatriating a large number of corruption suspects as part of a wider crackdown on deep-rooted graft. In 2015, Assistant Foreign Minister Liu Jianchao was installed by Wang Qishan as director general for international cooperation at the CCDI, a division of the anti-graft agency that oversees the 'Sky Net' and 'Operation Fox Hunt,' Xi's initiatives to repatriate corruption suspects. Liu admitted that the lack of extradition deals between China and many western countries had hampered the country's effort in getting suspected corrupt officials and assets from overseas. He revealed that the 'Sky Net,' once an operation led by the Ministry of Public Security under the State Council, had been merged with 'Operation Fox Hunt' to become part of the CCDI's mission in Xi's time.<sup>20</sup> Such institutional change has enhanced the CCDI's authority over other anti-graft departments, improving efficiency through curbing bureaucratic fragmentation. China's international pursuit of corruption suspects resulted in the repatriation of over 2,500 former officials from about 90 countries between 2014 and 2017.<sup>21</sup> Some of the fugitives, like Yang Xiuzhu, a former senior construction official in eastern Zhejiang province, had stayed abroad for more than ten years before repatriation. Thanks to 'Sky Net' and 'Operation Fox Hunt,' the number of graft suspects that fled to other countries dropped from 101 in 2014 to 19 in 2016 (*Xinhua News* 2017).<sup>22</sup>

## **Xi's Anti-Corruption Crusade: Further Evidence of the CPC's 'Authoritarian Resilience'?**

In the study of institutionalization in authoritarian regimes, repressive institutional pillars like the cryptic anti-graft apparatus in the non-democratic governance are often understudied. Through the research on Xi's anti-corruption campaign accompanied by the Party-state's

re-institutionalization of its disciplinary inspection system, this article aimed to contribute to the growing body of institutionalist studies of authoritarianism that help to explain the CPC's 'authoritarian resilience'.<sup>23</sup> Based on analysis of institutional and practical changes brought by Xi and Wang to China's anti-corruption drive, the article discusses different institutional imperatives or fundamental challenges the authoritarian leaders needed to address before and after the 18th Party Congress in 2012, and to what extent the re-institutionalization has been effective in addressing these challenges. Xi's unprecedented anti-corruption campaign will continue to affect China's political and economic trajectory profoundly in the next few years. Politically, Xi's nascent power has been firmly consolidated, with key members in the rivalling Zhou Yongkang's camp being purged under corruption charges and Xi's popularity boosted among the public for his crackdown on corrupt cadres and official overspending.

Economically, China's galloping economic growth has been decelerated by such harsh anti-graft and austerity measures. Local officials' appetites in promoting GDP and fiscal revenues, which have been incentivized by the 1994 tax-sharing system (TSS) reform and rent-seeking activities under CPC's acquiescence thereafter, are now being impaired by Xi's anti-corruption movements. While the anti-corruption campaign may bring down overall GDP growth, it will have the positive impact of rectifying the asymmetry between strong government consumption and weak household consumption. Suppliers of luxurious products and services targeted at well-heeled officials have been hit hard by Xi's austerity measures, while companies and restaurants on the other side of the spectrum are thriving in the new context.

Corruption poses serious threat to the image and legitimacy of the new leadership under Xi, who has to prevent the escalation of large-scale corruption in order to regain public support. Nevertheless, uprooting corruption is mission impossible in the current political, economic and social context, and Chinese leaders fully understand the limits of anti-corruption actions. High-profile corruption cases like Zhou Yongkang's and Bo Xilai's may be interpreted as the outgrowth of power struggles within the CPC, with competing factions using the 'war on corruption' as a tool to eliminate or weaken rivals and their corporate supporters. The new leadership is expected to taper the scale of anti-corruption movement once it has consolidated its power and established full authority.

Although western observers often criticize China's anti-corruption work as ineffective and superficial, the CPC's long-time adherence

to high-handed actions with multi-dimensional means does prevent corruption from being a fatal threat to the Party's rule or the country's economic growth. Punishing big timers severely is also an efficient way of redistributing wealth in the context of exacerbating social inequalities. In the long run, to win in a full-scale war on corruption, China has to gradually institutionalize an independent judiciary system with an enhanced supervisory role for the media and public. Catching the 'tigers' alone is not enough to make the regime more accountable, transparent and responsive. Selective enforcement in a politicized process would only lead to more corruption and undermine the effectiveness of anti-corruption campaigns.

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## NOTES

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- 15 *The People's Daily* 2013. 'Working report of Supreme People's Procuratorate of China in 2013.' 22 March 2013: 2.
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  1. Inspection tours as a mere formality should be strictly prohibited. Officials should work and listen to the public and officials at the grassroots, and people's practical problems must be tackled. There should be no welcome banner, no red carpet, no floral arrangement or grand receptions for officials' visits.
  2. Meetings and major events should be strictly regulated, and efficiency improved. Politburo members are not allowed to attend ribbon-cutting or cornerstone-laying ceremonies, or celebrations and seminars, unless approved by the CPC Central Committee. Official meetings should be shortened and specific and to the point, with no empty and rigmarole talks.
  3. The issuing of official documents should be reduced.
  4. Officials' visits abroad should only be arranged when needed as part of foreign affairs with fewer accompanying members; on most of the occasions, receptions by overseas Chinese people, institutions and students at the airport could be done away with.
  5. There should be fewer traffic controls when leaders travel by cars to avoid unnecessary inconvenience to the public.
  6. The media are not allowed to report on official events unless they are really newsworthy. The regulations also ban worthless news reports on senior officials' work and activities; such reports should depend on work needs, news value and social effects.
  7. Leaders should not publish any works by themselves or issue any congratulatory letters unless an arrangement with the central leadership has been made. Official documents without substantial contents and realistic importance should be withheld. Publications regarding senior officials'



- work and activities should also be restricted. 8. Leaders must practice thrift and strictly follow relevant regulations on accommodation and cars.
- 18 The Six Injunctions were issued by the CPC General Office and State Council General Office in December 2013, which include 1. Officials are prohibited from using public funds to pay for visits, gifts, receptions and banquets during the New Year celebrations. 2. Officials are prohibited from giving complimentary local products to their superiors. 3. Officials are banned from accepting gifts, cash, gift vouchers or prepaid cards. 4. Officials are not allowed to take part in high-end recreational activities or to use official receptions to host families or friends during the holidays. Officials are banned from using public vehicles for private matters. 5. All receptions should strictly follow the guidelines of the central and provincial governments. 6. All officials are banned from organizing or participating in gambling activities.
  - 19 International standards of budget transparency have been proposed by international organizations as benchmarks for government performance. See, for example, the International Monetary Fund's (IMF) Code of Good Practices on Fiscal Transparency (2007) lists a number of guidelines for open budget processes that should have clear procedures for budget execution, monitoring, and reporting, and follow an established timetable and be guided by well-defined macroeconomic and fiscal policy objectives. Available at <http://www.imf.org/external/npp/pp/2007/eng/051507c.pdf>.
  - 20 Interview with Liu Jianchao and his CCDI colleagues on 11 April 2017 in Singapore. Liu was then Vice Minister of the National Bureau of Corruption Prevention and Director General of the Department of International Cooperation of the CCDI.
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  - 23 The term 'authoritarian resilience' was first used by Nathan (2003) to describe the CCP regime's resilience after the Tiananmen crisis in 1989, contrary to popular belief among many China specialists and democracy theorists that the CCP rule would soon fall to democratization's 'third wave.' To explain such resilience, Nathan focused on four aspects of the CCP regime's institutionalization: 1) the increasingly norm-bound nature of its succession politics; 2) the increase in meritocratic as opposed to factional considerations in the promotion of political elites; 3) the differentiation and functional specialization of institutions within the regime; and 4) the establishment of institutions for political participation and appeal that strengthen the CCP's legitimacy among the public. Through the study of institutional and capacity building in the anti-graft area, this paper aims to enhance understanding of the abovementioned third and fourth aspect with discussion on how the authoritarian regime has been capable of dealing with rampant corruption and where the institutional constraints exist.

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